



Memorandum

To: Honorable Mayor Maso and City Council Members

Thru: George Purefoy, City Manager

From: Nell Lange, Assistant City Manager

Date: September 29, 2011

Subject: Discussion Concerning the Over 65 Tax Exemption

Council member Fallon requested a discussion item on the Over 65 tax exemption.

Background: The City currently allows two types of exemptions for property taxes; the over 65 homestead exemption and the disabled person homestead exemption. A \$10,000 exemption for over 65 was originally approved by the City Council on September 21, 1982. The disabled person homestead exemption of \$10,000 was originally approved by council December 21, 1993. Both exemptions were increased in November 2004 to \$30,000 and again in November 2007 to \$50,000.

The city's delinquent tax attorney assisted in the original research. The Texas Property Tax Code presently does not place a limit on the amount of the exemption. We had 3,351 parcels that qualified for the over sixty five (65) exemption on the 2011 certified role. That equates to a revenue reduction of \$761,651 at the current tax rate. An increase in the current exemption amount to \$75,000 would equate to an additional estimated loss in revenue of \$386,965 at the current tax rate. The total number of parcels with the over 65 exemption has increased 79% from 2007 when we last increased the exemption amount.

We did not have time to gather all of the analytical data that was presented in 2007, but I will have additional information prior to the meeting.

We provided information on various neighboring cities previously and have updated the information below with the tax year 2010 data.

<u>CITY</u>	<u>OVER 65 HS EXEMPTION</u>	<u>TAX RATE</u>	<u>AVERAGE HOME VALUE</u>
Allen	\$ 50,000	0.554	\$220,809
Flower Mound**	100,000	0.44970	\$246,834
Frisco	50,000	0.461910	\$267,240
Carrollton*	60,000	0.617875	\$186,862
McKinney	50,000	0.5855	\$207,852
Plano*	40,000	0.4886	\$245,074
Richardson	55,000	0.63516	\$146,073

The yellow high light is not updated information.

*These cities also have a homestead exemption.

** Flower Mound has a crime district and street maintenance from sales tax.

We hope this provides some background on the actions the City Council has taken in the past to address the concerns of the senior citizens. Please let me know if I can provide additional information.